

Briefing on the National Default Rates

September 16, 2003

National Default Rates

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Headlines

- Maine Receives Reading First Grant (Sep 12) [new >](#)
- TV Show: How No Child Left Behind Empowers Parents (Sep 12) [new >](#)
- Statement on D.C. School Choice Legislation (Sep 11) [new >](#)
- Early Intervention for Children with Disabilities Works (Sep 10)

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For more information visit:

www.ed.gov/offices/OSFAP/defaultmanagement/cdr.html



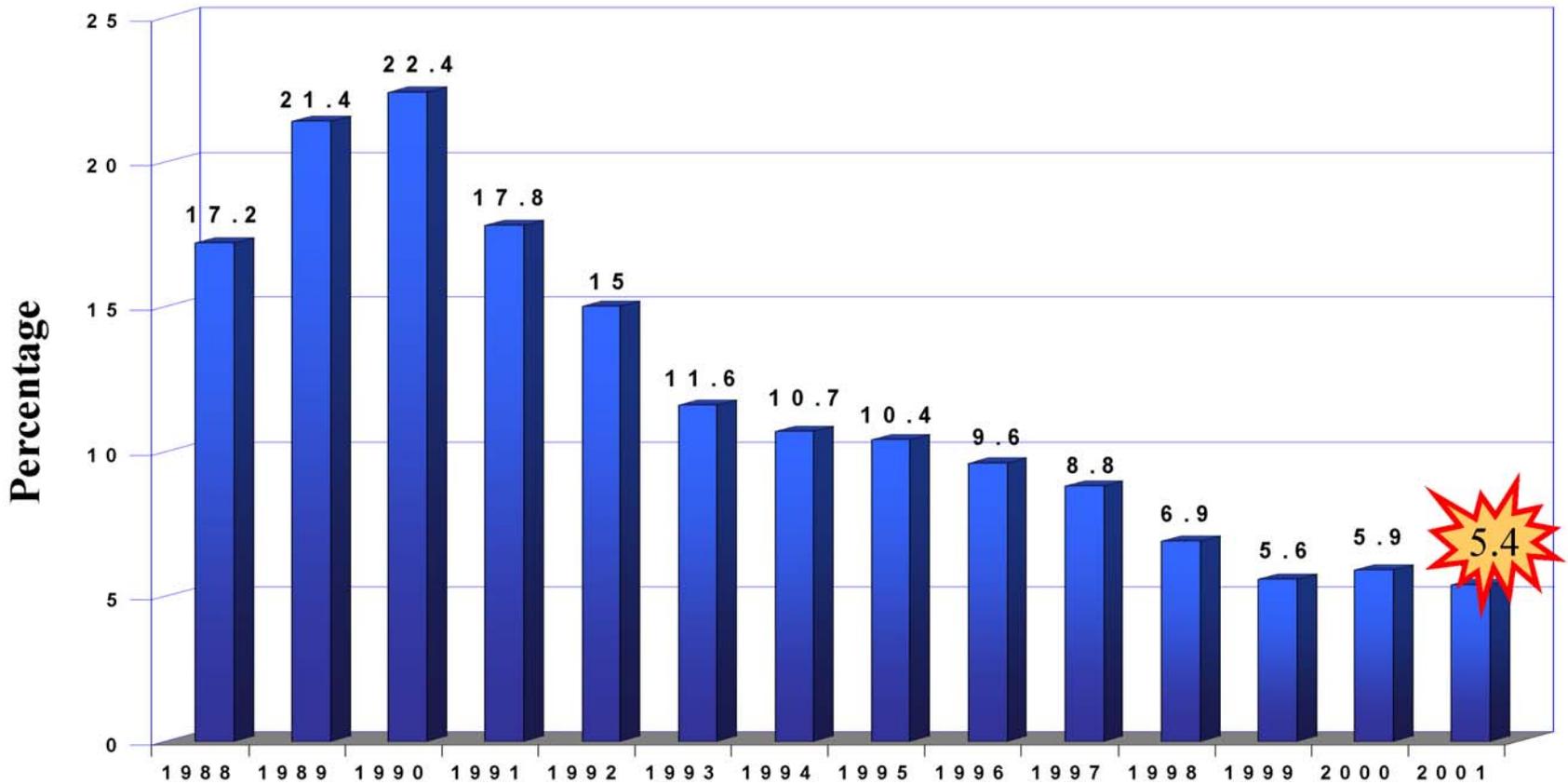
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National Student Loan Default Rates

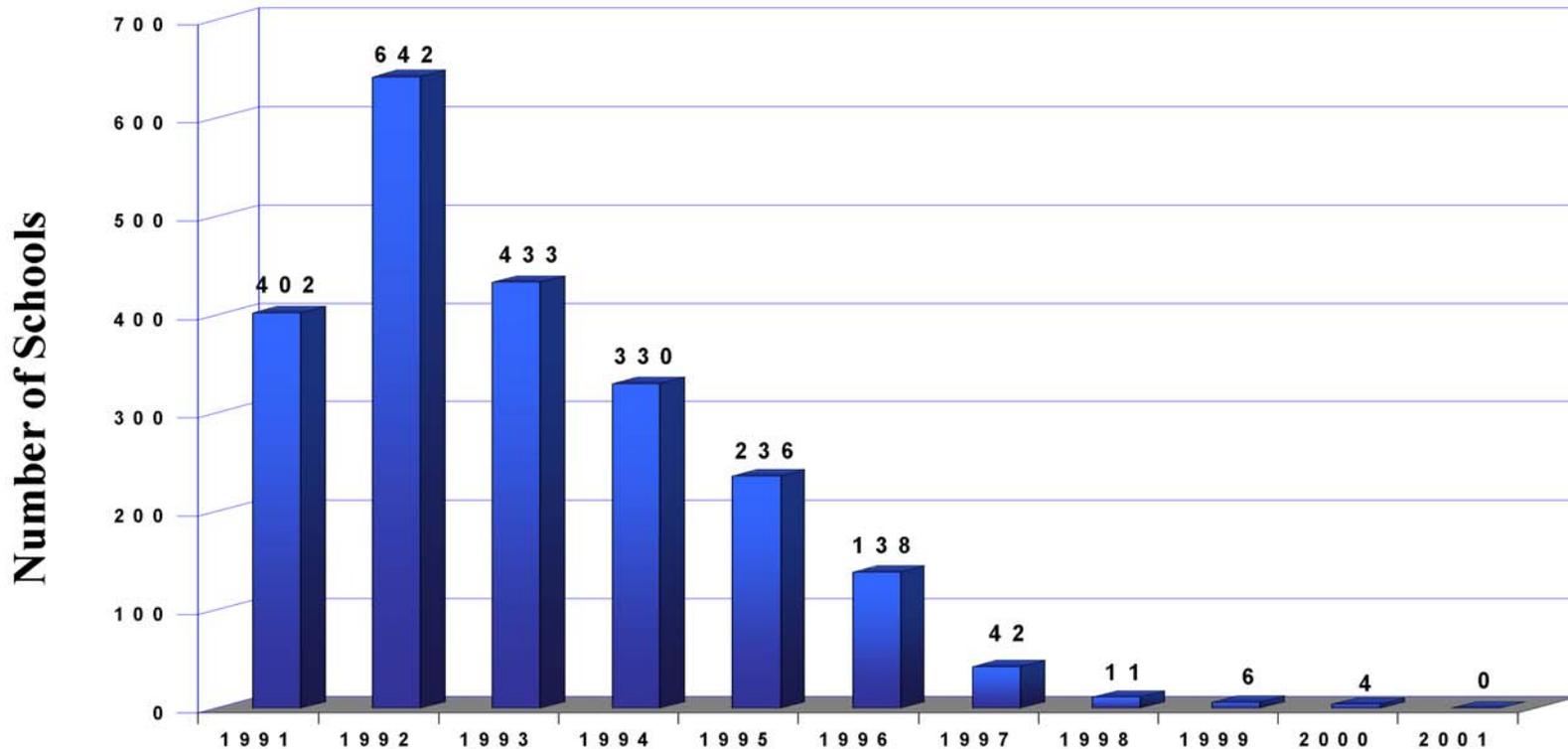
Issued date:	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
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Schools Subject to Sanctions

Issued date:	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
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The school numbers are pre-appeal and include only schools impacted by the three years of 25% or greater sanction. A school can be on extended sanction and is therefore reflected in multiple year counts. Since 1991, 1,161 unique schools were sanctioned under the three years of 25% or greater sanction.



Improving Borrower Accountability

Schools
Lenders/Service Providers
Guaranty Agencies
Department of
Education



Communication

- Increased Borrower Contacts
- National Default Prevention Day

Technical Assistance

- Cohort Default Rate Guide
- Default Aversion Sessions
- National Handbook of Best Practices

Risk Analysis and Assessment

- Data Mining and Portfolio Analysis

Aversion Tools

- Improved Entrance/Exit Counseling
- Flexible Repayment Options
 - Customized Repayment Plans
 - Electronic Billing and Payment

Program Integrity

- Strategic Identification and Intervention

Improved Borrower
Accountability





Federal Family Education Loan and Federal Direct Loan Cohort Default Rates

Institutional Default Rate Reduction Initiative Comparison of FY 1999, FY 2000, and FY 2001 Cohort Default Rates

	Fiscal Year 1999				Fiscal Year 2000				Fiscal Year 2001			
	# of schools	Borrower Default Rate	# of Borrowers Defaulted	# of Borrowers Entered Repayment	# of schools	Borrower Default Rate	# of Borrowers Defaulted	# of Borrowers Entered Repayment	# of schools	Borrower Default Rate	# of Borrowers Defaulted	# of Borrowers Entered Repayment
Public	1,828	5.6%	73,318	1,303,020	1,772	5.9%	79,690	1,348,885	1,713	5.3%	71,077	1,316,719
Less than 2 yrs	183	7.0%	408	5,768	179	8.1%	480	5,881	168	7.2%	387	5,366
2-3 yrs	1,002	8.8%	27,485	310,412	964	9.2%	29,129	313,582	930	8.6%	26,148	301,125
4yrs(+)	643	4.6%	45,425	986,840	629	4.8%	50,081	1,029,422	615	4.4%	44,542	1,010,228
Private	1,994	3.8%	25,049	645,873	1,947	4.0%	26,963	670,176	1,888	3.5%	23,360	667,002
Less than 2 yrs	111	13.4%	426	3,173	100	14.9%	453	3,022	83	9.3%	263	2,810
2-3 yrs	325	6.6%	1,460	21,902	310	6.9%	1,453	20,946	273	6.8%	1,353	19,719
4yrs(+)	1,558	3.7%	23,163	620,798	1,537	3.8%	25,057	646,208	1,532	3.3%	21,744	644,473
Proprietary	2,479	9.3%	32,390	345,417	2,337	9.4%	35,597	375,321	2,215	9.0%	35,485	391,531
Less than 2 yrs	1,566	10.9%	10,430	95,643	1,448	11.0%	11,113	100,681	1,335	10.8%	11,090	102,569
2-3 yrs	751	9.1%	14,459	158,836	720	9.5%	15,419	161,614	704	9.3%	14,606	157,045
4 yrs(+)	162	8.2%	7,501	90,938	169	8.0%	9,065	113,026	176	7.4%	9,789	131,917
Foreign	399	2.2%	102	4,618	389	2.6%	127	4,749	420	2.3%	113	4,905
Unclassified	2	0.3%	2	605	5	0.1%	1	643	4	0.1%	1	584
Total	6,702	5.6%	130,861	2,299,533	6,450	5.9%	142,378	2,399,774	6,240	5.4%	130,036	2,380,741

Scope of Operations

Annual Operations – Fiscal Year 2002

- 12 million aid applications
- 8 million aid recipients
- \$56.5 billion delivered in total new federal aid
- \$32 billion delivered in consolidation loans
- 34 million inbound and outbound customer service phone calls
- 25 million Direct Loan borrower payments processed
- 20 billion hits to FSA Web sites
- 41+ million pieces of mail alone sent out to aid applicants during the most recent annual cycle



Scope of Operations

Current Student Loan Portfolio

- 22 million borrowers with outstanding loans
- \$287 billion in outstanding loans

Includes:

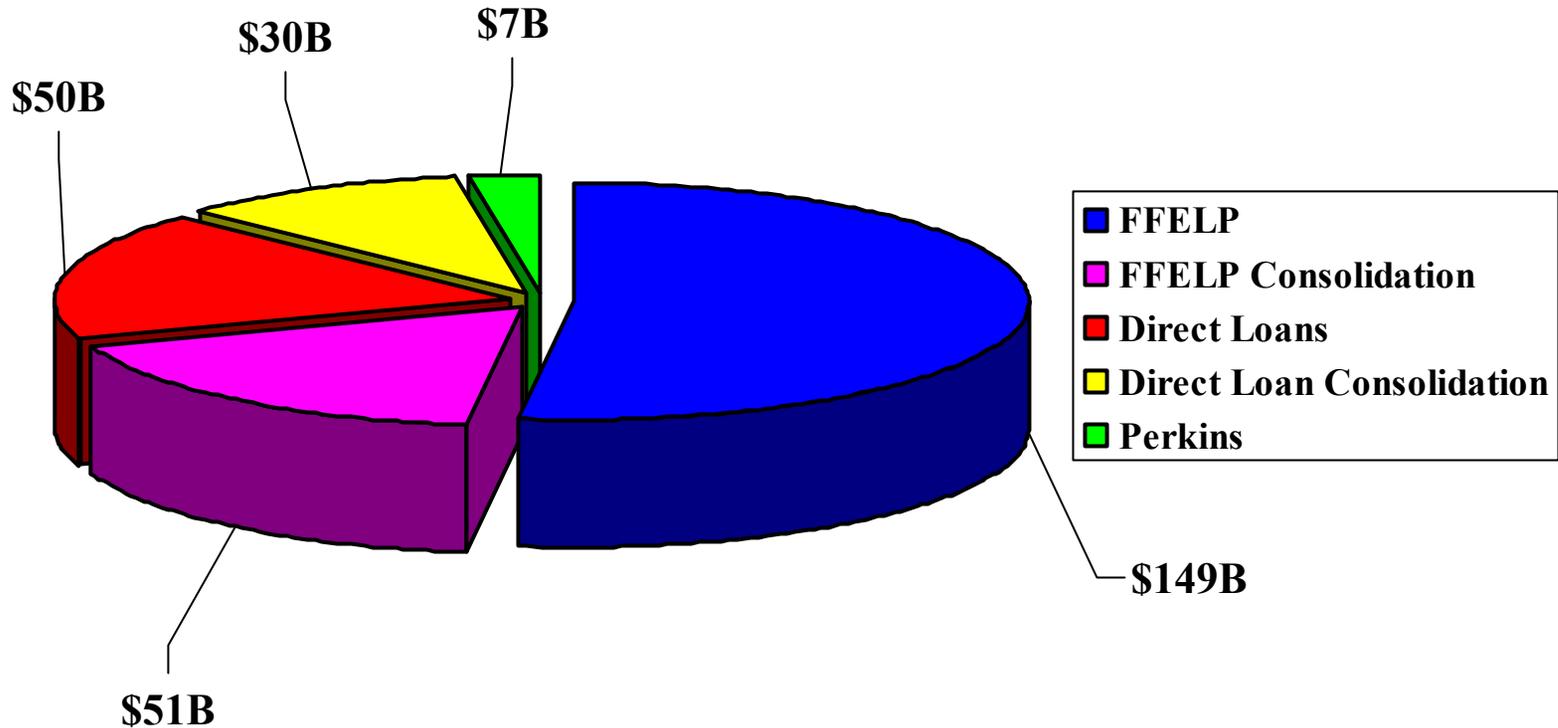
- Direct Loans held by ED
- Federal Family Education Loan Program (FFELP) loans held by lenders
- Defaulted FFELP loans held by guaranty agencies (GAs)
- Defaulted loans (all programs) held by ED
- Perkins Loans held by schools



Total Federal Student Loan Portfolio

National Default Rates

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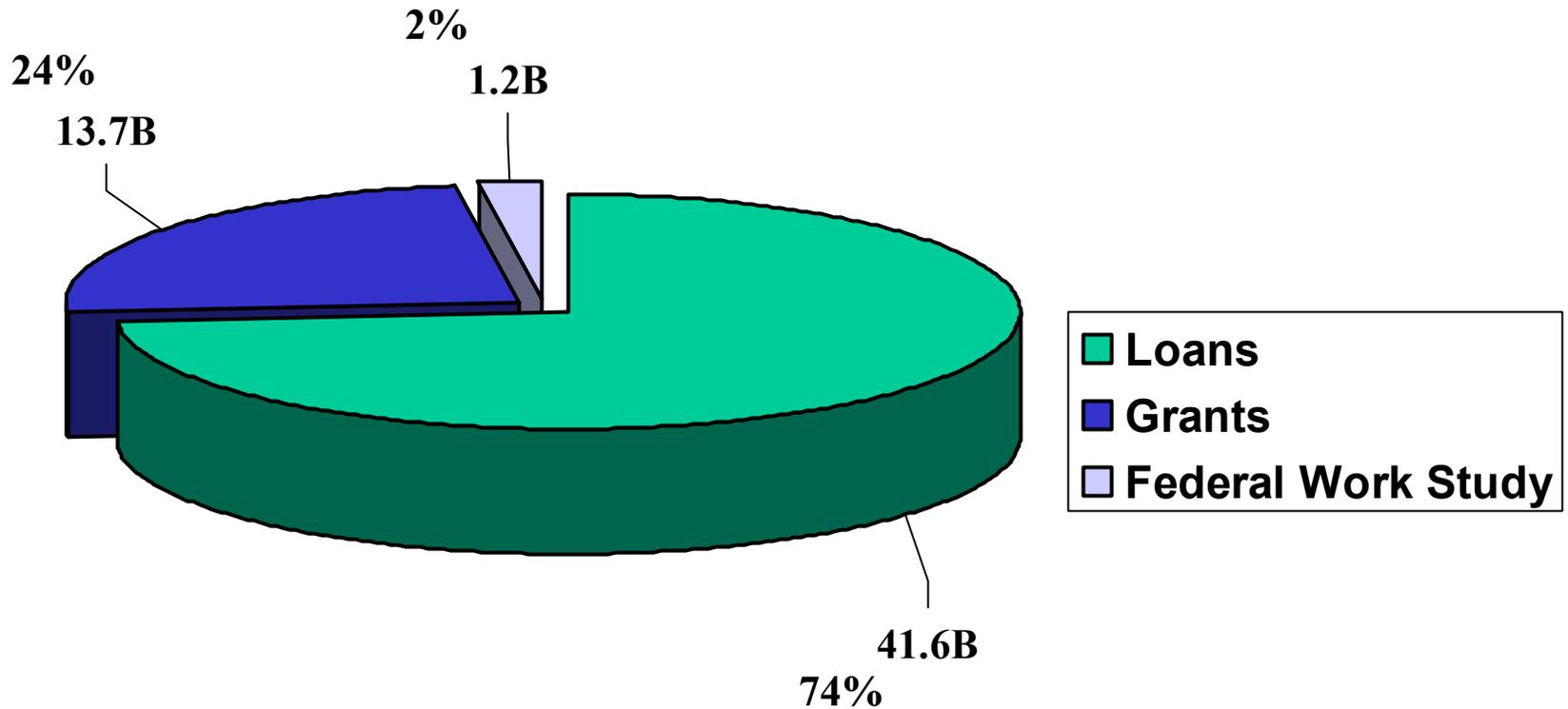
\$287 Billion



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Distribution of Aid Types – Fiscal Year 2002



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